

MEXICAN HERITAGE PLAZA

Notes for Steering Committee Meeting #6

January 12, 2010

I. Welcome

Because of increased media attention, the meeting was unusually well-attended by members of the public. Everyone present was reminded that each presentation represents a significant amount of work and thought by each study group, and that each represents a perspective on the potential uses of MHP that are not mutually exclusive, so are not views that are in competition with one another. Both have excellent ideas to offer and our goal is to use the work of the study groups to create a collective vision for the future that encompasses community wishes and is financially viable. Everyone in attendance was reminded that these are the two main points of direction to the steering committee by the Mayor's memo dated March 14, 2008.

II. Presentation by the Art and Culture Center Study Group

The Power Point for this presentation is attached to these notes.

III. Presentation by the Arts Education/School Study Group

The Power Point for this presentation is attached to these notes.

IV. Public Comments

- The name, Mexican Heritage Plaza, should be changed to reflect a new beginning. (A public comment made later expressed the view that the name should not be changed to assure a sense of continuity of the original vision.)
- Look closely at operating costs; history has shown that the more activity there is at MHP, the more it costs to operate.
- The Smithsonian connection remains a potential partner for programming.

- Consider the success of El Sistema as a model . (El Sistema is a publically financed non-profit network of orchestras that train kids from the slums of Venezuela in classical music.¹)
- Both presentations contained strong ideas. Combine the best of both. (This was stated by several participants.)
- The biggest challenge is to identify an Operator. There is no natural candidate.
- The area needs more development to support MHP as a financially sustainable entity. (This sentiment was repeated by several members of the public.)
- This represents an opportunity to partner with the school district.
- Look at Harlem Children’s Zone as a possible model. (Harlem Children’s Zone is a non-profit that targets poverty-stricken children and families in specific blocks of Harlem and provides services.²)
- MHP will need City subsidy for classes and programming. What is the City willing to provide?
- To deliver education in either model, we need to develop teachers who know best practices in Latino arts.
- Develop the pad as retail space to provide income for the enterprise. This was part of the original plan that has never come to fruition.
- Look to the RAP groups for their invaluable experience in programming at MHP.
- Will art providers who want to be here commit to being here during the interim period if it’s likely they’ll have to leave?
- Will there be an opportunity for other arts organizations to contribute to the programming in the community school of arts model?
- Given the Plaza’s clientele base, affordability is a challenge for arts non-profits doing programming, as well as for students paying class fees for music/arts classes. An example of a successful model functioning in similar demographic area is the LA Music and Arts

¹ Definition from Wikipedia.

² Definition also from Wikipedia.

School. (The Los Angeles Music and Art School (LAMAS), established in 1945, is a non-profit organization providing quality and affordable arts education to East Los Angeles and the surrounding communities.³)

- RAPS could make quarterly presentations during the interim period.
- An overwalk and lights are needed.
- A school of the arts is needed in this community.
- Including other ethnicities beyond the Latino community is a plus.
- A fundraising idea is to allow voluntary monthly deductions from teacher's paychecks.

V. Group agreement about next steps

After discussion, the group agreed that the best next step would be to spend the next meeting time in study groups again. The second study group discussions will divide the steering committee into two groups that merge together those involved in the presentations. Those study groups are:

GROUP #1:

Connie Martinez

Maria de la Rosa

Al Castellano

Linda Snook

Carlos Perez

Erin Goodwin-Guerrero

³ Definition from Los Angeles Music and Art School website
<http://www.lamusart.org>

GROUP #2:

Olivia Mendiola

Danny Garza

Guadalupe Gonzalez

Chris Esparza

Roy Hirabayashi

Manuel Fimbres

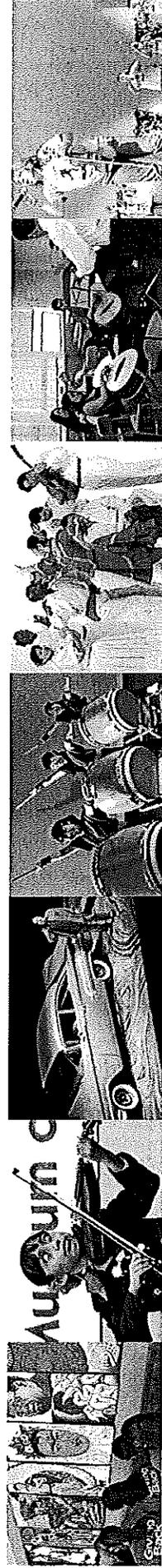
Moy Eng volunteered to sit out the study group process to keep membership within bounds dictated by the Brown Act, which will allow her to play a different, and very important, role by providing an objective perspective for both.

The second study groups are tasked with looking at both ideas and discussing:

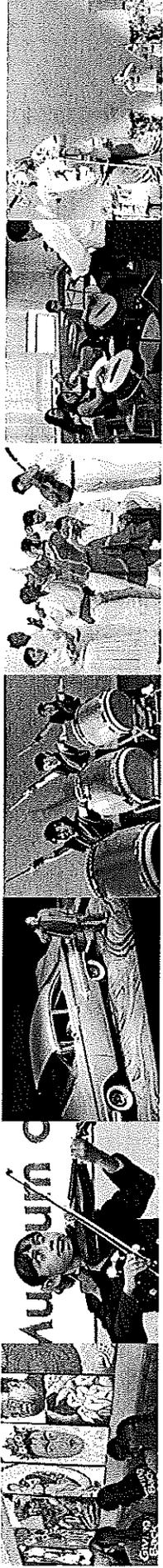
1. What are the common threads?
2. Since both presentations featured education and performance as key elements, which idea should take the lead: an arts/cultural center predominantly, or a community school of the arts predominantly?
3. Based on that conversation, take a deeper look at what the mission should be.
4. Take a deeper look at income structures and assumptions; what's realistic given the wider environment in which this effort is occurring?
5. Take a deeper look at assumptions about governance structures; since there's no obvious candidate as Operator, what's realistic?



THE MEXICAN HERITAGE PLAZA



A CELEBRATION OF ARTS & CULTURE

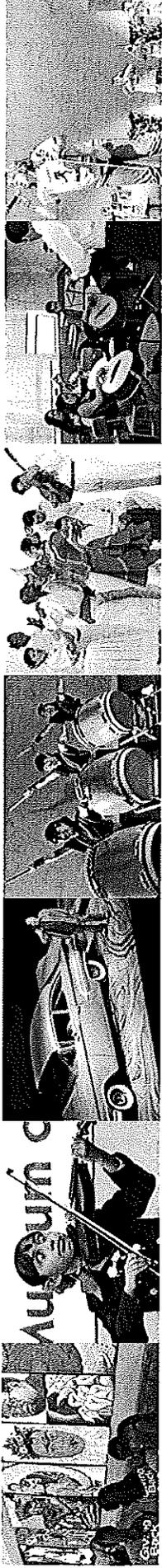


MISSION

The study group recommends that MHP be an art and cultural center with many components, and a range of methods for serving the community that encompass all ages, ethnicities, income levels and cultural interests.

MHP should serve the surrounding community first and foremost, and be accessible to all, with some special efforts on a regular schedule (not ad hoc). Both the following areas of activity need to be subsidized by other MHP activities (like commercial rentals and contributions)

- Sunday events, free or low-cost, aimed at families should be a regular part of the service to the community
- Increased accessibility to working class audiences through fiestas, free or low-cost concerts and community celebrations

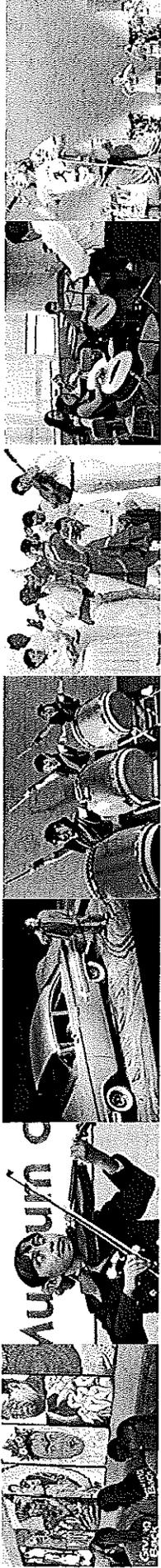


MISSION_{CONTINUED}

The study group recommends that education play a key role in all programming at MHP, in partnership with schools and educators, to pass on knowledge about, and participation in, arts and culture to new generations

How should MHP measure success?

- The number of people who attend events at the Plaza
- The breadth of offerings at the plaza
- The amount of earned income
- The success of the 501 (C) (3) Board in its overall duties including the oversight of fundraising (e.g. grant writing, individual solicitations and capital campaign)

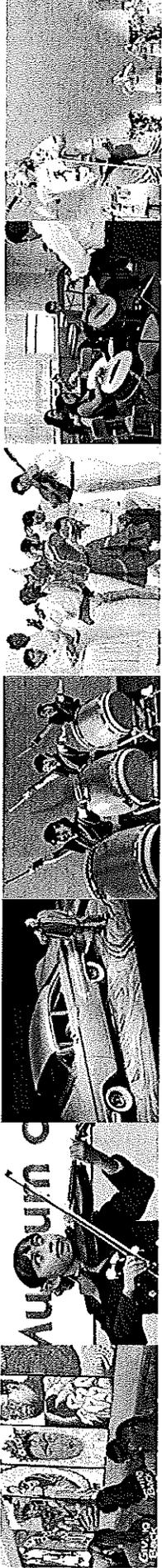


MISSION_{CONTINUED}

A proposed Mission for the New MHP:

“MHP exists to serve the community by providing arts and cultural programming that is accessible to all. MHP accomplishes this by assuring a complex of programming partnerships providing cultural and educational services and products that embrace all cultures, reflecting the diversity of the community, with an emphasis on those deriving from Mexican heritage and all the cultural strands that contribute to it.”

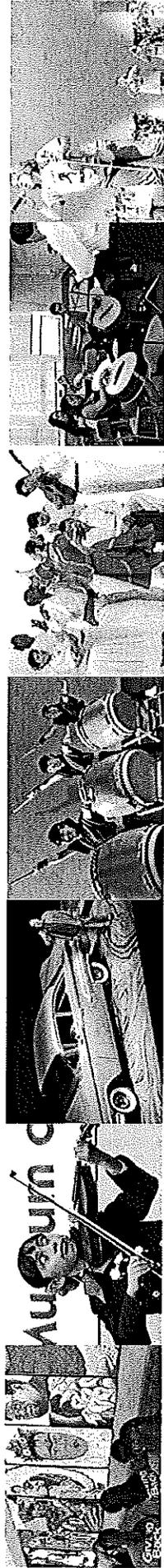
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BUSINESS MODEL

The study group recommends that a new entity be created to administer the venue. The operating model of a non-profit is a known entity, but another idea that merits further exploration is a cooperative ownership model. The new entity should be designed for the sole purpose of managing the venue for the benefit of the community, sub-contracting with existing non-profit and for-profit arts providers to provide programming.

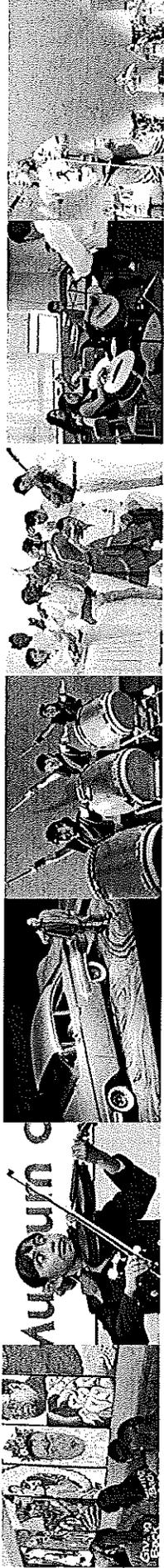
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BUSINESS MODEL_{CONTINUED}

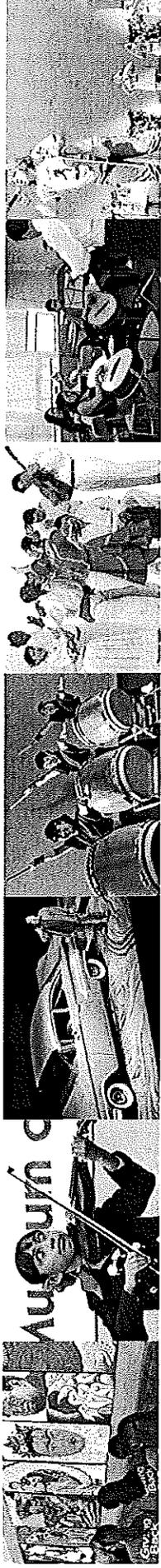
The business model envisioned by the study group involves several components:

- Free or low-cost events and community uses (e.g. for fiestas and meetings of neighborhood associations) that are subsidized by other income streams
- Programming by selected Cultural Partners that meets the mission, that are either revenue-neutral or subsidized by other income streams
- A rental program for other non-profit or for-profit/commercial users that provide one of the earned income streams that subsidize the other users. This involves devising a robust rental program that offers the venue at attractive, affordable prices for for-profit/commercial users
- Solid fundraising and membership campaigns to subsidize uses listed above
- Aggressive pursuit of other earned income streams identified below



BUSINESS MODEL_{CONTINUED}

RAPs will no longer be part of the business model, although current RAPs will be given priority consideration as Cultural Partners. The new category, Cultural Partners, will not include office or storage space on-site. What are now RAP offices will be converted to classroom spaces to expand opportunities for income-producing classes and workshops. The study group is adamant that suitable low-cost office space be found to support RAPs in this transition

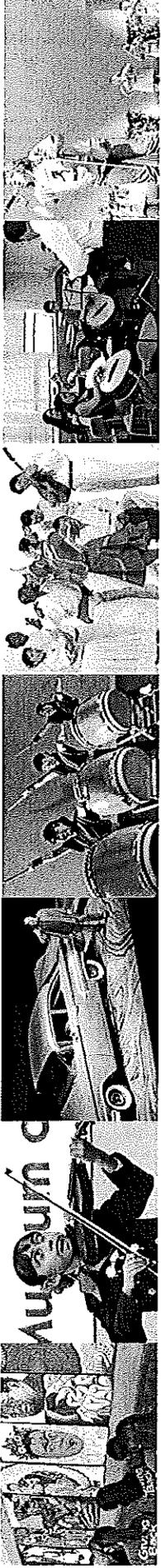


PROGRAMMING^{MANAGEMENT PHILOSOPHY}

Program delivery would be through “curated” strategic partnerships (called Cultural Partners or something else that does not use the word “Resident”) with providers and/or educators who meet criteria for quality and service to the community. Programming would not be created by the Operator.

The preference is for local, San José-based “Cultural Partners” to provide programming at Mexican Heritage Plaza to serve the East Side. But regional providers of programming that meet the criteria would also be considered.

THE MEXICAN HERITAGE PLAZA



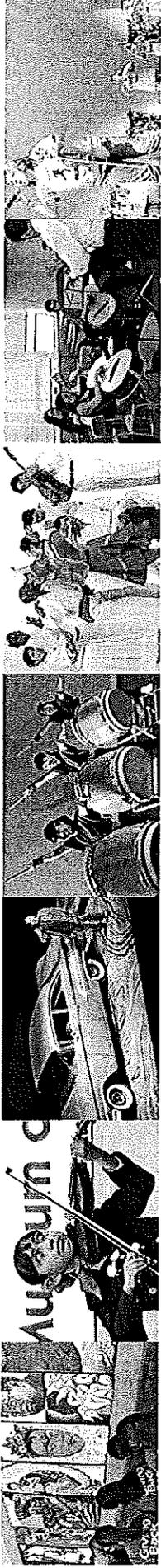
PROGRAMMING^{MANAGEMENT PHILOSOPHY CONTINUED}

Among the criteria for being a “Cultural Partner” is to provide educational activities, in the form of master classes or other public exchange opportunities, to serve the community.

Art forms to be included in the programming mix include:

- Visual arts
- Dance
- Theater
- Music (all kinds)
- Literary arts/speakers
- Film
- Fiestas, community celebrations

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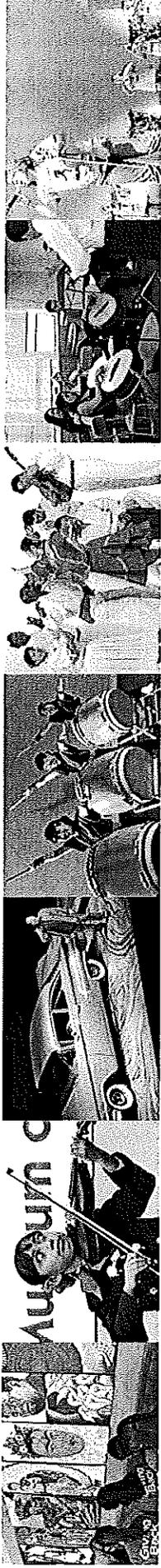


FACILITY MANAGEMENT PHILOSOPHY

The study group recommends turning the current office space on the second floor into rentable classrooms and finding alternate low-cost office space for current RAPs, and dedicating the gallery to be an art exhibition space focusing on work by local artists.

The study group recommends that capital costs of improving income-producing capacity of the venue be pursued:

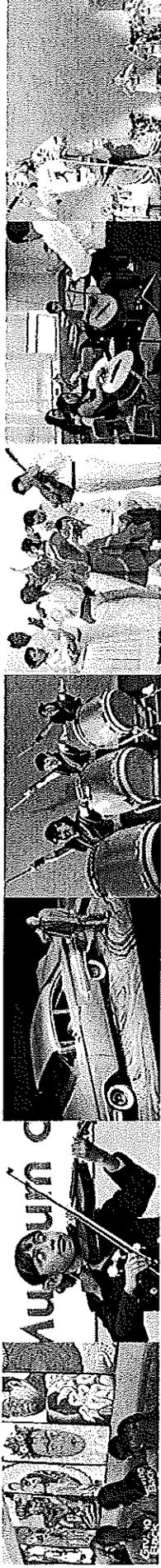
- Turn current office space upstairs into 3 classrooms to bring the total to 5
- Create a method for covering La Plaza to reduce glare and heat to allow more day uses as rentals, fiestas, etc
- Purchase Marley floor, or research another suitable dance floor covering to allow the Pavilion to be used for dance classes and rehearsals, and for theater companies to free up the Theater stage for other income-producing uses during rehearsal phase of theatrical productions.



GOVERNANCE

Study group **STRONGLY** recommends the creation of a new entity as Operator, either a nonprofit Board of Directors, or to consider an alternative model of cooperative operation, rather than an RFP process. This entity should be committed to the mission of operating MHP for the benefit of the community, and have *no competing interests*, such as being a producing company or delivering other services.

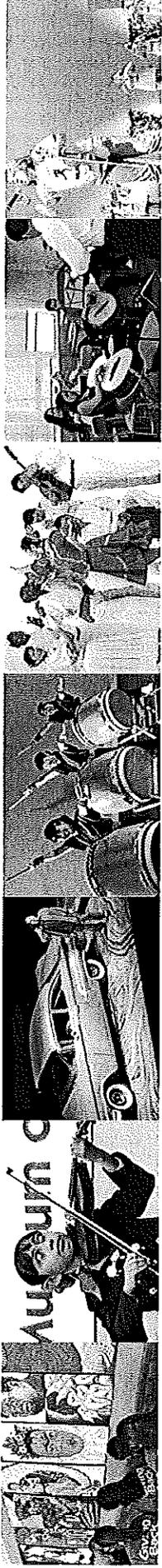
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GOVERNANCE^{CONTINUED}

Study group recommends that the Steering Committee function as an ad hoc governance body to:

- Apply for 501(c)(3) status, and create bylaws
- Begin fundraising for seed money for up-front expenses for the new start-up
- Complete the Business Plan
- Establish a Community Advisory Council as a central part of the new organization (see below)
- Create a list of potential Cultural Partners and other stakeholders
- Create a sample calendar of MHP activities
- Begin to seek funding for capital items that would increase the income-producing capacity of MHP, including conversion of current office space to classrooms, a cover for La Plaza to increase its potential as a program site and for rentals, and a Marley (or other) floor to expand utility of the Pavilion as a rehearsal and classroom space when not used for rentals

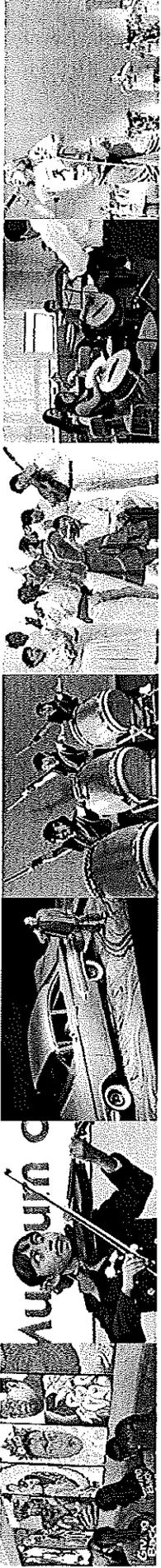


COMMUNITY RELATIONS

The study group recommends that the March steering committee meeting be used as a convening to bring together all the members of the community who have expressed interest in the future of MHP to hear what the steering committee is considering and to provide input and reactions. This meeting might be scheduled in the Theater if there is sufficient community interest

The study group recommends that a Community Advisory Council be established to provide input into the management of the new effort, reporting directly to the new governing entity (either a new non-profit Board of Directors or cooperative ownership group)

The study group recommends a mechanism for providing regular input from the Cultural Partners selected to provide programming, either by meetings or by surveys, with input going directly to the governing body

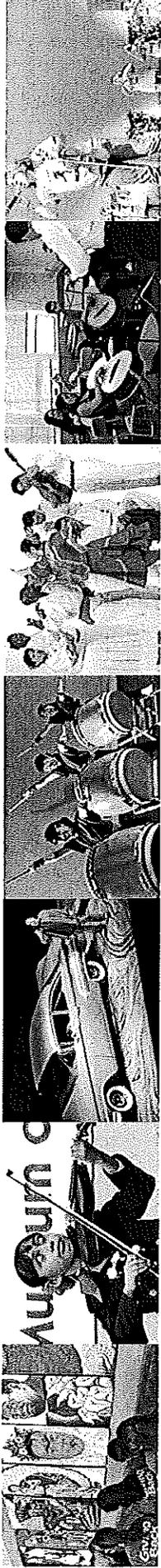


COMMUNITY RELATIONS⁶ CONTINUED

The study groups recommends a strong outreach effort be formalized that assures community connections maintained through:

- Volunteers
- Membership campaign
- Continued communications with all members of the public who have expressed interest in the future of MHP (an example of which is the proposed March convening)

The study group recommends developing community volunteers to maintain the gardens as a strategy to minimize the high O&M costs of operating MHP. It is understood that it will take time to accomplish this, so the City's support with O&M needs to be maintained for long enough to establish this effort. This is also viewed by the study group as a way of creating strong ties in the community, and a sense of community ownership of MHP

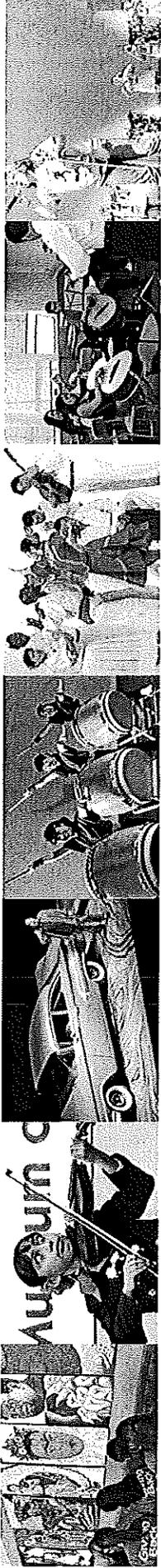


EARNED INCOME STREAMS

The study group acknowledges that MHP cannot make the mistake of depending on the City for operating income, but must devise methods of bringing in a variety of income streams to support activities. Yet, the study group also recognizes the importance of having the City cover the cost of O&M to allow MHP to get going as a start-up, and for some years to come. That figure should be what it cost the City to operate MHP in FY2008, or approximately \$810,000 per year.

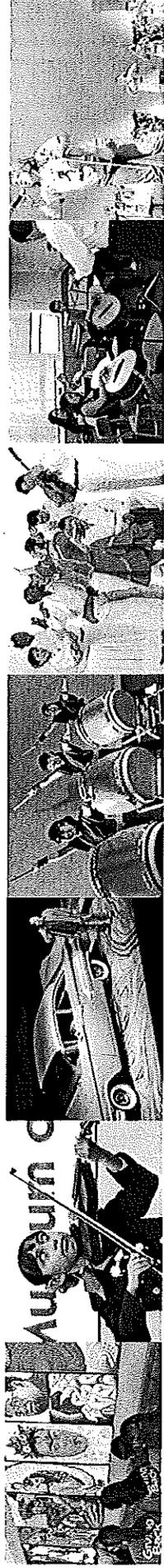
Potential earned income sources the study group identified are:

- Concessions income for all events, selling food, alcohol at concerts and events, possibly through carts and/or kiosks
- Dance for young people every Friday night
- Create one (or more) concert series that presents popular low-risk entertainers (Latin jazz, for example, Latino pop, etc.) Get ideas about this from Chris Esparza



EARNED INCOME STREAMS CONTINUED

- Develop a Latino Film Festival with Cinequest as a Cultural Partner
- Institute booth rentals for themed fiestas. Use the retail pad and possibly the parking lot
- Review the pros and cons of the Farmers' Market concept at MHP. What worked/what didn't when it was tried before?
- Develop regular classes and workshops aimed at children, teens and adults, focused on cultural themes; work with educators and existing programs as Cultural Partners (e.g. schools, arts organizations with educational missions and programs already serving other parts of San José, etc)
- Develop a membership program with appropriate benefits (e.g. ticket discounts, special events for members only, etc.)
- Analyze the current rental office space; can it be utilized as a Tienda to provide additional revenue

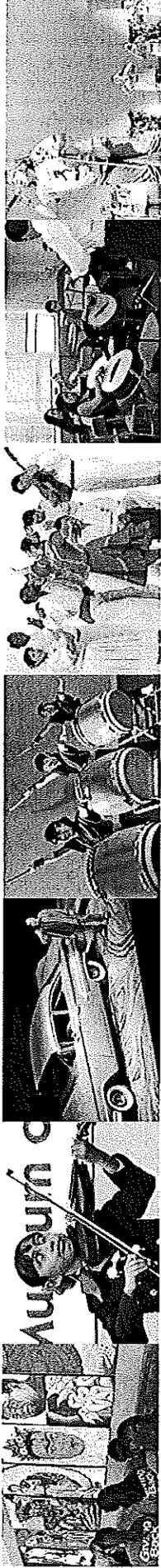


EARNED INCOME STREAMS^{CONTINUED}

The rental program is a key source of earned income and needs to be re-constructed to be attractive to users outside the “curated” group of Cultural Partners.

This entails revising rental categories and costs, in order to increase usage by:

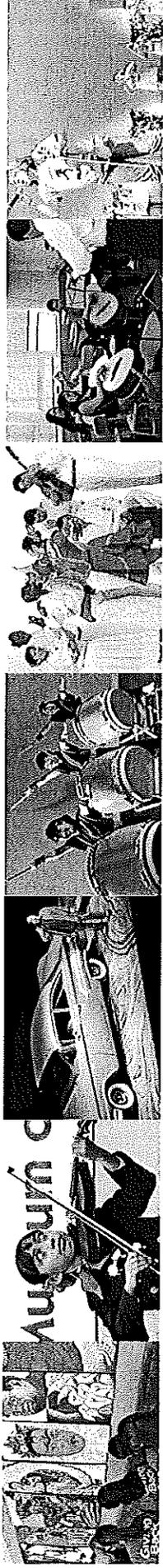
- Non-profit presenters and producing companies seeking a quality performance venue
- Community uses such as private parties and gatherings seeking quality space that is affordable
- For-profit and commercial users



CONTRIBUTED INCOME

The study group recommends establishing a fundraising effort to build a strong individual donor base from the community as a priority

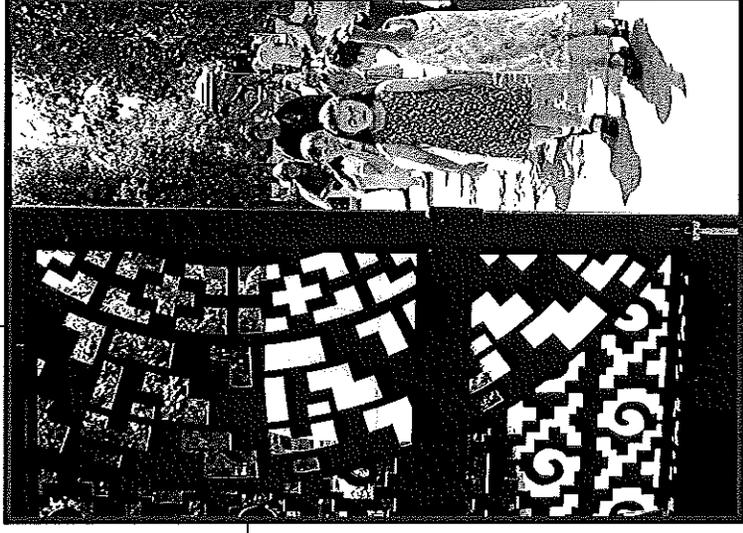
As indicated above, the study group recommends the City maintain its support of MHP at the actual level it cost to maintain and operate the building in FY 2008, at least as long as is required for a new operation to take hold and begin to develop the alternative ideas in this business plan.



CONSIDERATIONS PENDING REVIEW

- Systems and Financial Management
- Staff
- Start-Up Costs and Multi-Year Operating Pro Forma Budgets
- Timeline to Accomplish All that is Envisioned
- Discuss Advantages/Disadvantages of a New Name for MHP
- Unique Advantage Site (César Chávez First Boycott on this Site)
- Study Cooperative Ownership Model
- Final Remarks

Mexican Heritage Plaza School of Arts *Conceptual Model*



Subcommittee Participants

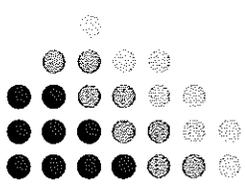
Olivia Mendiola

Maria de la Rosa

Connie Martinez

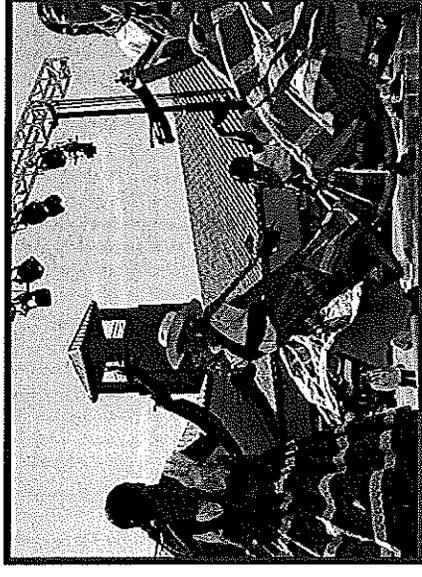
Chris Esparza

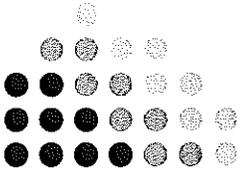
Danny Garza



Presentation Outline

- Vision (Olivia Mendiola)
- Program Model (Maria de la Rosa)
- Regional Context/Strategy (Connie Martinez)
- Funding Model (Chris Esparza)
- Conclusion (Danny Garza)

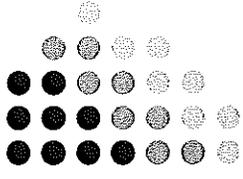




Vision

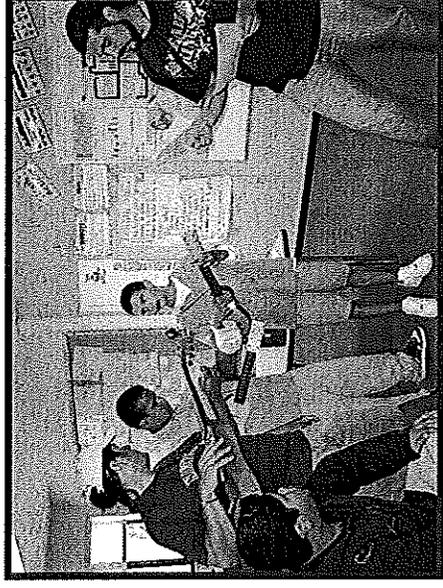
- MHP as children and family center for arts education and cultural understanding (conceptual model with full implementation in 3-5 years)
- Full scale arts school
- East Side ecosystem for children and families
 - arts at MHP
 - sports at PAL and MACSA
 - community services at Mayfair Community Center
 - civic activities at Somos Mayfair
- A children's education center at the Plaza is fundable and has capacity for earned revenue

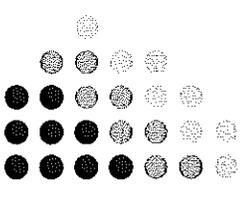




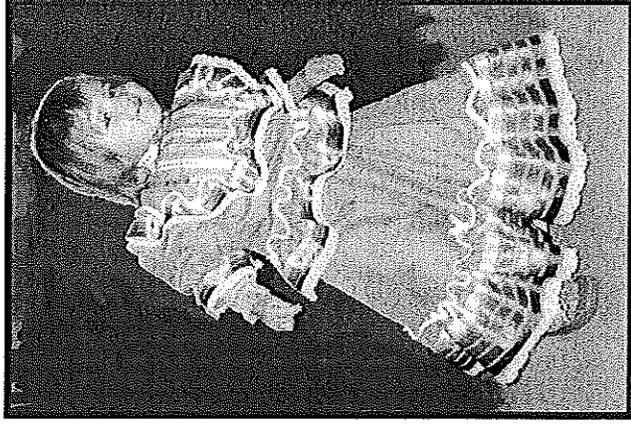
Vision

- Why a Children's Arts Center at MHP?
 - A need exists on the east side for an educational arts center
 - The concept brings children together of different ethnicities, breaks down barriers in cultures, stereotypes and promotes unity of the community
- The concept is desirable from a funding stand point
 - foundations are apt to support programs promoting children's cultural understanding through the arts
- Parents and the community are apt to support arts for their children
 - Donations
 - volunteerism
 - attendance at performances

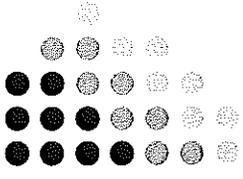




Program Model



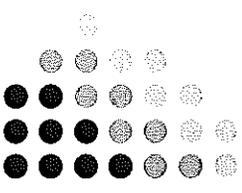
- Leveraging every inch of the facility for the benefit of the consumer, every inch of facility programmable for arts education classes
- Classes for children and adults on weeknights and Saturdays
- Senior and pre-school programming on weekdays
- Explore a “Wonder Cabinet” experience for parents with toddlers



Program Model

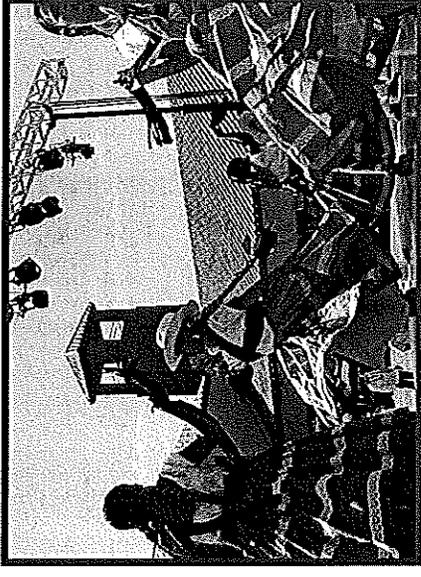
- Place for classes and performing groups would be built into the vision and core values for the school
- Community-based ownership at the Plaza: children's performances will be popular with families
- Groups to perform and provide educational programming, but no longer reside at the Plaza
- Build out second floor for classrooms; structural improvements made in-kind – "Barn-Raising" model



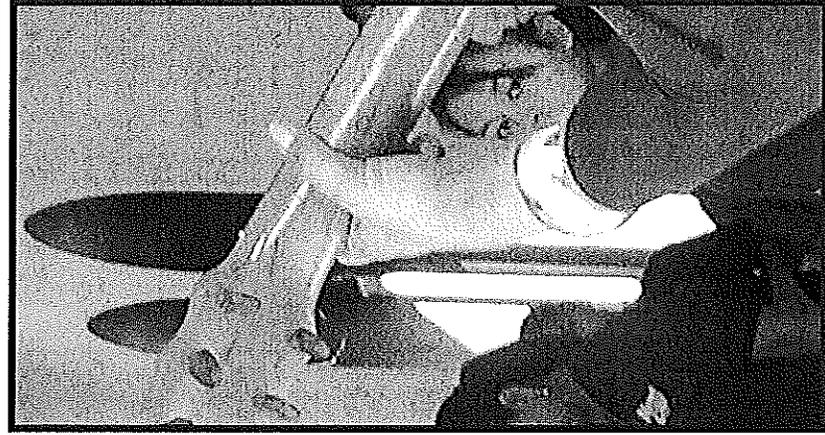


Regional Context

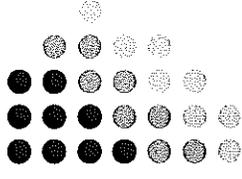
- Majority of our philanthropy leaves the region
- Foundations and corporations have global reach
 - 90% of top 25 foundation giving leaves SV
 - 88% of Fortune 100 located in SV leaves SV
- Valley of immigrants
 - Connected to some place else
 - Individual giving to arts below national average
- Valley investment dependent upon:
 - Vision, leadership and execution
- Arts funding dependent upon:
 - Relevancy and accessibility to SV demographic
 - Alignment with values
 - Entrepreneurial leadership and self sufficiency

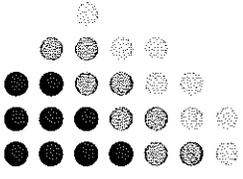


Strategy



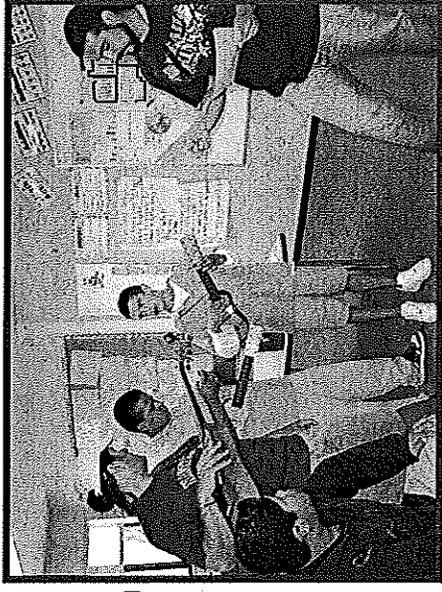
- **Locate MHP's future at the intersection of vision & pragmatism**
 - SV funders value children and education
 - Arts inspire, build skills & foster community
 - Community and parents value and invest in their children and cultural heritage
- **Leverage resources already in place**
 - MHP facility, vision and City ownership
 - Regional/national cultural institutions with demonstrated capacity/success
- **Organize for success**
 - Acknowledge reality – will take time/\$\$
 - Assemble “consortium of organizations” who care and can add value
 - Build towards a sustainable funding model/governance over time



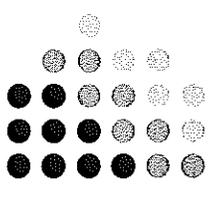


Critical Success Factors

- Community “buy in”
- Engagement of local Latino leadership
- City partnership
- Seed funding
- Willing/able cultural partners
- Time to “ramp up”
- Long term strategy for Latino “operating” leadership

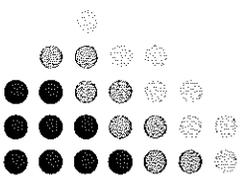


Key Milestones



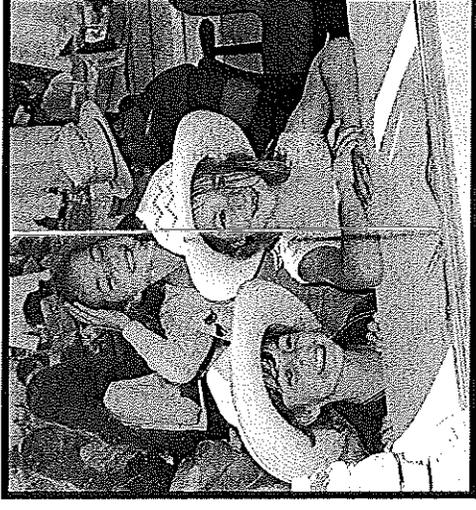
- Steering Committee recommends to City Council approval of:
 - School of Arts vision with City operation of facility while programming, leadership team and organizational capacity “ramps up”
- Convening of Leadership Advisory Team of cultural institutions, Latino organizations and national advisors that:
 - raises seed money eg. possibly leverages 1stACT’s Creative Tots, Kids and Teens initiative
 - fine tunes organizational and program model for arts education
 - nurtures a “Latino” organization to assume operations within 3-5 year
 - demonstrates sustainable funding model



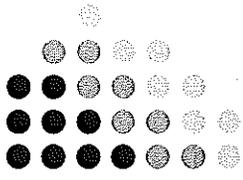


Funding Model

- City's funding environment is changing all the time
- MHP is one of 6 cultural facilities with its own unique agreement with the City
- Count on \$400K – 500K from the City
- Sustainability = growing that someone earned income, meaning that someone is paying to do something here
- The other 50% is contributed income (City allocation is part of that)
- Goal: earned income + City allocation pays for facility, contributed income pays for programming

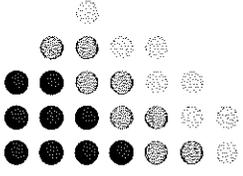


Funding Model



- Earned revenue from class fees will grow over time
- CSMA at 85% earned revenue
- Accessibility through scholarship programs funded by contributed income sources
- May take 3-5 years to see the school running at full capacity and to reach revenue goals
- Pursue rental income until school model becomes more successful





Conclusion

- What does our community need?
 - Arts education for our children and families
- The community wants vibrancy and accessibility to the Plaza
- The vision of MHP as a school of arts where everyone has access
 - Meets educational needs in the community
- When the Plaza is full of children and families learning about arts and their culture, then the vision will finally be realized

